DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814

July 2, 1998



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TO: ALL COUNTY WELFARE DIRECTORS ALL CalWORKs PROGRAM MANAGERS

REASON FOR THIS TRANSMITTAL
[X] State Law Change
[] Federal Law or Regulation
Change
[] Court Order
[] Clarification Requested by
One or More Counties
[] Initiated by CDSS

SUBJECT: IMPLEMENTATION OF FOUR REGULATIONS PACKAGES IN THE

CALIFORNIA WORK OPPORTUNITIES AND RESPONSIBILITY TO

KIDS (CalWORKs) PROGRAM

REFERENCE: AB 1542, CHAPTER 270, STATUTES OF 1997

AB 1260, CHAPTER 284, STATUTES OF 1997

ALL COUNTY LETTER (ACL) 97-66

ALL COUNTY LETTER 97-59

The purpose of this letter is to provide counties with four emergency regulations packages relating to implementation of the CalWORKs program. The four regulations packages are as follows:

- Restricted Accounts
- Elimination of Late Monthly Reporting Penalties
- Overpayment Recoupment
- Voucher/Vendor Payments

The regulations are provided in Attachments 1 through 4. These regulations have been approved by the Office of Administrative Law and are effective July 1, 1998.

RESTRICTED ACCOUNTS REGULATIONS PACKAGE

This regulations package implements a revision to Section 11155.2 of the Welfare and Institutions Code. This revision was transmitted to counties via ACL 97-66 dated October 29, 1997.

SUMMARY OF CHANGES

Under the new regulation, funds withdrawn from a restricted account may be used to defray educational or job training expenses for the account holder or any of his/her dependents. Educational expenses are no longer limited to children. All other regulations governing restricted accounts remain in effect.

NOTICES OF ACTION/FORMS

NOA Message M89-503 was transmitted to counties via ACL 97-66 dated October 29, 1997. No further revision to this message is necessary.

CW 86, COVERSHEET AND AGREEMENT - RESTRICTED ACCOUNT

The CA 86, Coversheet and Agreement - Restricted Account, has been renumbered to CW 86. The form is updated to include CalWORKs requirements. Additional changes make it more user friendly for the recipient; e.g., some sections are reformatted, existing narrative was revised, clarifying narrative was added, and the "Example of A Period of Ineligibility" section on Page 2 of the cover sheet was streamlined. The CW 86 is a Master-Only; no state reproduced stock will be made.

Informing narrative provided in ACL 97-66 for the TEMP SL 2, Restricted Accounts, is out of date. The California Department of Social Services (CDSS) will provide a revised informing document under separate cover.

Questions pertaining to these regulations should be directed to Henry Puga of the CalWORKs Eligibility Bureau at (916) 654-1068.

ELIMINATION OF LATE REPORTING PENALTIES REGULATIONS PACKAGE

This regulations package repeals regulations relating to withholding earned income disregards when a recipient fails to submit his/her Monthly Eligibility Report (CA 7) on time. State law no longer provides authority to disallow earned income disregards as a penalty for recipients who fail to submit their CA 7's on time. These instructions were transmitted to counties via ACL 97-67 dated October 23, 1997.

SUMMARY OF CHANGES

Effective with the January 1998 payment month, late monthly reporting penalties established in Manual of Policies and Procedures Section 44-113.218 have been eliminated. All assistance units (AU's) with earned income and disability-based earned income shall have the \$225 and 50 percent disregards applied in the grant computation regardless of when the

CA 7 is submitted in accordance with instructions contained in ACL 97-59. In addition, overpayments established for grants paid in January 1998 and later as a result of failure to report earned income will not be computed using loss of earned income disregards as a penalty. All other monthly reporting requirements remain in effect.

The following is intended to provide additional clarification regarding elimination of late monthly reporting penalties:

- These rules applied beginning with the November 1997 CA 7, due by December 11, 1997, which was used to compute the grant for January 1998.
- Non-AU members, members excluded from the AU due to sanction, or members who are penalized due to noncompliance with program requirements shall have the \$225 and 50 percent disregards applied to their income when it is considered in the grant computation.
- Overpayments computed for all months prior to January 1998 due to late or unreported earnings shall be computed disallowing the earned income disregards in accordance with regulations which were in effect at that time.

NOTICES OF ACTION/FORMS

The NA 960X and NA 960Y have been revised due to elimination of the late reporting penalties. Both NA forms and instructions, which are provided in Attachment 2, reference the "CW 7" rather than the CA 7. The CW 7, which is expected to be available in July of 1998, will make the CA 7 obsolete. At this time the CDSS will make available masters only of the NA 960X and NA 960Y since additional changes to the NA Back are anticipated in the next three to four months.

Questions pertaining to these regulations should be directed to Cora Myers of the CalWORKs Eligibility Bureau at (916) 654-2236.

OVERPAYMENT RECOUPMENT REGULATIONS PACKAGE

This regulations package implements Section 11004 of the Welfare and Institutions Code which limits the amount a county may reduce a grant for purposes of recouping an overpayment. These instructions were transmitted to counties via ACL 97-66 dated October 29, 1997.

SUMMARY OF CHANGES

Effective with the January 1998 payment month, overpayments in the CalWORKs program shall be recouped at the rate of five percent of the maximum aid payment (MAP) for the AU when the overpayment is caused by agency error. The rate is ten percent of MAP for the AU when the overpayment is caused by any other reason. The income and resources of the AU are no longer considered when determining the correct amount for grant adjustment. The law allows for overpayment adjustments in excess of these rates, but only at the recipient's request.

NOTICES OF ACTION/FORMS

Notice of Action messages for overpayments were transmitted to counties via ACL 97-66 dated October 29, 1997. No further revisions to these messages are necessary.

Questions pertaining to these regulations should be directed to Henry Puga of the CalWORKs Eligibility Bureau at (916) 654-1068.

VOUCHER/VENDOR PAYMENTS REGULATIONS PACKAGE

This regulations package implements Sections 11450.13, 11453.2, 11251.3, and 17012.5 of the Welfare and Institutions Code which require counties to issue vouchers or vendor payments in certain situations and makes them optional in others. These instructions were transmitted to counties via ACLs 97-65 and 97-66 both dated October 29, 1997.

SUMMARY OF CHANGES

- AB 1542 requires the issuance of mandatory vouchers or vendor payments for at least rent and utility payments to any AU in which any parent or caretaker relative is sanctioned for a period of time known in advance to be at least three consecutive months (e.g. when a recipient is sanctioned for the second or third time for not complying with CalWORKs work requirements). The law does not apply to sanctions imposed on a month to month basis. The voucher/vendor payments shall continue until the parent/caretaker relative is no longer subject to sanction.
- AB 1260 mandates voucher or vendor payments for at least rent and utilities on behalf of any AU in which an adult is ineligible due to a drug related felony conviction.
- AB 1542 gives counties the option of providing aid in the form of vouchers or vendor payments to the remaining AU members when one person has been removed from the AU upon reaching the 60-month limit.

Questions pertaining to these regulations should be directed to Henry Puga of the CalWORKs Eligibility Bureau at (916) 654-1068.

NOTICES OF ACTION/FORMS

Informing narrative provided in ACL 97-66 for the TEMP SL 3, Voucher/Vendor Payments, is out of date. The CDSS will provide a revised informing document under separate cover. Revised Notice of Action messages pertaining to the voucher/vendor payments regulations are provided in Attachment 4.

CAMERA READY COPIES AND TRANSLATIONS

Counties should call the Forms Management Bureau at (916) 657-1907 or CALNET 437-1907 for camera-ready copies of any form, NA form, NOA message or suggested informing language in any language. However, counties that have provided the Language Services Bureau with a county contact and the specific languages (Spanish, Chinese, Cambodian, Vietnamese, and Russian) will automatically be sent those languages as soon as the document (form/NAform/NOA message/informing notice) is translated.

Sincerely,

Original Document Signed by

Bruce Wagstaff on July 2, 1998

BRUCE WAGSTAFF

Deputy Director

Welfare to Work Division

Attachments

ATTACHMENT 1 RESTRICTED ACCOUNTS REGULATIONS

Adopt Section 40-029 to read as follows:

<u>40-029</u> <u>IMPLEMENTATION OF RESTRICTED ACCOUNTS</u> <u>40-029</u>

REGULATIONS IN THE CalWORKS PROGRAM

.1 Effective Date This regulatory action is effective July 1, 1998.

<u>.2 Sections Repealed</u> <u>None.</u>

<u>.3 Sections Adopted</u> None.

<u>.4 Sections Amended</u> 89-130 (d)(2) Education

89-130 (g)(2) Child's Education

Authority cited: Sections 10553, 10554, 10604, and 11155.2 (Ch. 270, Stats. 1997),

Welfare and Institutions Code.

Reference: Section 11155.2 (Ch. 270, Stats. 1997), Welfare and Institutions Code.

89-130 RESTRICTED ACCOUNTS FOR RECIPIENTS 89-130

(A) - (c) (continued)

(D) Specific Purpose The funds must be retained for one or

more of these specific purposes:

(1) Home Purchase of a home;

(2) Education or Training postsecondary education or vocational

training expenses of a person who is or was a child in the AU on or after the date of the written agreement; or the account holder or any person who is claimed by the account holder as a dependant for federal income tax purposes; or (Continued)

(G) Qualifying Withdrawal The AU is allowed 30 calendar days from

the date of a withdrawal to expend funds for one or more of the following expenses:

(Continued)

(2) Child's Education or Training Expenses associated with the

postsecondary education or vocational training for a person who is or was a child in the AU on or after the date of the written agreement; the account holder or any person who is claimed by the account holder as a dependant for federal income

tax purposes.

Authority Cited: Sections 10553, and 10554, 10604, and 11155.2 (Ch. 270, Stats. 1997),

Welfare and Institutions Code.

Reference: Sections 10553, 10554, 11155 and 11155.2 (Ch. 270, Stats. 1997), Welfare

and Institutions Code; 45 CFR 233.20(a)(3)(i)(B); and the Federal Terms and Conditions for the California Work Pays Demonstration Project as approved by the United States Department of Health and Human Services

on March 9, 1994

ATTACHMENT 2

ELIMINATION OF LATE MONTHLY REPORTING PENALTIES REGULATIONS WITH NOTICE OF ACTION FORMS AND INSTRUCTIONS

40-031 IMPLEMENTATION OF REGULATIONS TO ELIMINATE
LATE MONTHLY REPORTING PENALTIES IN THE
CalWORKs PROGRAM

.1 Effective Date This regulatory action is effective July 1, 1998.

<u>.2 Sections Repealed Section 40-125.922</u>

Section 40-125.94c. Section 40-181.222a.(3) Section 40-181.223, et seq.

Section 44-113.218

Sections 44-402.211 and .212

<u>.3 Sections Adopted None</u>

<u>.4</u> <u>Sections Amended</u> <u>Section 40-181.234</u>

Section 40-181.244

Authority Cited: Sections 10553 and 10554, Welfare and Institutions Code.

Reference: Sections 11008, 11450.12, and 11451.5, Welfare and Institutions Code.

40-125 REAPPLICATIONS, RESTORATIONS, AND COUNTY 40-125 OF RESPONSIBILITY (Continued)

- .9 Request for Restoration of Aid (Continued)
 - .92 (Continued)
 - .922 When retrospective grant computation is appropriate for purposes of determining the aid payment for the month aid is restored, the penalties for late reporting of earnings (see Section 44-113.217) shall be imposed when the former recipient did not submit a complete CA 7 timely (as specified in Section 40-181.22) in the last month in which the applicant was aided. No penalties shall be applied in determining the aid payment for the month following the month in which aid is restored provided that the applicant completes the CA 7 for the last month of aid prior to the date on which aid is authorized. (Continued)
 - .94 (Continued)
 - c. The penalties for late reporting of earnings contained in Section 44-111.3239(c) shall be applied unless good cause can also be established for failure to submit a timely report of earnings.
 - dc. (Continued)

Authority Cited: Sections 10553, 10554, and 10604, Welfare and Institutions Code.

Reference: 45 CFR 233.60, Section 3510 (October 1961), Federal Handbook of

Public Assistance Administration; Section 11349, Government Code; Sections 10553, 10554, 10604, <u>11008</u>, 11023.5, 11056, and 11102,

11450.12, and 11451.5, Welfare and Institutions Code; and

ACF-AT-94-5.

40-181 CONTINUING ACTIVITIES AND DETERMINATION OF ELIGIBILITY (Continued)

40-181

- .2 Periodic Determination of Eligibility (Continued)
 - .22 (Continued)
 - .222 Processing Late CA 7s (Continued)
 - a. (Continued)
 - (3) Impose the penalties for failure to submit a timely report of earnings required in Section 44-113.218.
 - .223 The CWD shall impose the penalties for late reporting as specified in Sections 44-113.218 and 44-111.232(c) only under the following circumstances:
 - (a) The recipient's CA 7 is received initially by the CWD after the 11th calendar day of the report month; or
 - (b) The recipient's CA 7 was submitted by the 11th calendar day of the report month but the specific section dealing with the information and/or evidence required to document the amount of earned income was not complete when received, and the recipient has not provided this information and/or evidence by the 11th calendar day of the report month.
 - .23 Good Cause Determination for Failure to Submit a Complete CA 7 Timely (Continued)
 - .234 When the recipient has good cause for not reporting timely, the county shall (1) rescind the discontinuance; and/or (2) if appropriate, allow all earned income disregards.
 - .24 Criteria for Evaluating Information Reported on the CA 7 (Continued)
 - .244 Failure to provide the information or evidence specified in .243 above shall result in the disallowance of the deduction or disregard. Failure to provide the information on the form or to provide the evidence shall not, in and of itself, render the CA 7 incomplete as defined in .241 above.

Authority Cited: Sections 10553, 10554, 10604, 11265.1, and 18904, Welfare and

Institutions Code.

Reference: 42 U.S.C. 616(b) and (f); 45 CFR 233.28, 233.29(c), and 235.112(b); 7

CFR 273.16(b); Sections 10553, 10554, 10604, 11008, 11254, 11280, 11450.12, 11451.5, 11451.7, and 11486, Welfare and Institutions Code; and Section 301(a)(1)(A) and (B) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193): California's Temporary Assistance for Needy Families State Plan dated October 9,

1996 and effective November 26, 1996.

44-113 NET INCOME (Continued)

44-113

.2 Earnings

- .21 Computation of Net Nonexempt Earned Income for Aid to Families with Dependent Children (Continued)
 - The deductions in .214, .215, .216 and .217 shall not be allowed if the recipient: (1) failed to make a timely report of earned income that month as required by Sections 40-125.922 and 40-181.22; or (2) terminated employment, reduced earnings or refused employment without good cause within the budget period or the 30 days immediately prior to the budget period. (Good cause shall be evaluated using the standards defined in Section 41-442.113); or (3) voluntarily requests a discontinuance for the primary purpose of avoiding the four-consecutive-month limitation on receipt of the \$30 and 1/3 disregard.

HANDBOOK BEGINS HERE

Note: Section 44-113.218 provisions do not apply to refusals, quits, or terminations of state seasonal employment made available under the "AB 1531 Demonstration Project". See Section 42-710.

HANDBOOK ENDS HERE

.21<u>98</u> (Continued)

Authority Cited: Sections 10553 and 10554, Welfare and Institutions Code.

Reference: Sections 10553, 10554, 10790, 10791, and 11008, 11008.19, 11450.12,

and 11451.5, Welfare and Institutions Code; 45 CFR 233.10; 45 CFR

233.20(a)(3)(ii)(C); 45 CFR 233.20(a)(3)(vi)(A); 45 CFR

233.20(a)(6)(v)(B); 45 CFR 233.20(a)(11); 45 CFR 233.20(a)(11)(D); 45 CFR 255.3; 45 CFR 233.20(a)(3)(iv)(B); 45 CFR 233.20(a)(3)(xxi); 45 CFR 233.20(a)(4)(ii)(d); 45 CFR 233.20(a)(4)(ii)(p); <u>Darces</u> v. <u>Woods</u> (1984) 35 Cal. 3d 871; and <u>Ortega</u> v. <u>Anderson</u>, Case No. 746632-0

(Alameda Superior Court) July 11, 1995.

Repeal Sections 44-402.211, .212 and Handbook and renumber Sections 44-402.213 and .214 to .211 and .212, respectively, to read:

44-402 COMPUTATION OF A REDUCED INCOME SUPPLEMENTAL PAYMENT (Continued)

44-402

- .2 Net available income is determined by adding the retrospectively budgeted grant amount as described in Section 44-402.21 to the estimated other available income, as described in Section 44-402.22.
 - .21 The total grant amount, in accordance with Section 44-315.43, retrospectively budgeted from the budget month to the payment month, that the assistance unit would otherwise receive with the following exceptions:
 - .211 Any disregard amounts the assistance unit would have been eligible to receive had the assistance unit not late reported shall be used in computing the grant for the reduced income supplemental payment month.
 - Any disregard amounts the assistance unit would have been eligible to receive had the assistance unit not lost its disregard(s) due to job quit without good cause shall be used when computing the grant for the reduced income supplemental payment.

HANDBOOK BEGINS HERE

(See Section 44-111.23(e).)

HANDBOOK ENDS HERE

.2131 (Continued)

.214<u>2</u> (Continued)

Authority Cited: Sections 10553, 10554, 11450, and 11453, Welfare and Institutions Code.

Reference: Sections <u>11008</u>, 11017, 11255, 11450, 11450.015, and <u>11450.12</u>, 11450.2,

and 11451.5, Welfare and Institutions Code; 45 CFR 237.27; Federal

Terms and Conditions for the California Assistance Payments

Demonstration Project as approved by the United States Department of Health and Human Services on October 30, 1992; and Letters from the Department of Health and Human Services, Administration for Children

and Families, dated February 29, 1996, March 11, 1996, and

March 12, 1996.

- 0 NA 960X (5/98) Stop Aid; Report Not Received
- 0 NA 960Y (5/98) Stop Aid; Report Incomplete

Holder of the CalWORKs NOA Handbook

Insert the NA forms and instructions in Section 5 of the NOA Handbook

INSTRUCTIONS

NA 960X (5/98) Stop Aid; Report Not Received

This form must be backed with the current NA BACK.

Use the NA 960X, after the 11th of the month, to stop aid (CalWORKs, FS) when the CW 7 or SAWS 7 Monthly Report has not been received. The NOA must be sent in time to provide timely notice of the discontinuance.

If the monthly report has been received, but is incomplete, use the NA 960Y to discontinue aid and request additional information.

Enter the effective date of the discontinuance.

Check the appropriate box(es) to identify the program(s) being discontinued.

Revision Date: 5/98

COUNTY OF

STATE OF CALIFORNIA HEALTH AND WELFARE AGENCY DEPARTMENT OF SOCIAL SERVICES

	Notice Date :
(ADDRESSEE)	
	Questions? Ask your Worker.
	State Hearing: If you think this action is wrong, you can ask for a hearing. The back of this page tells how. Your benefits may not be changed if you ask for a hearing before this action takes place.
As of, the County is stopping your: Cash Aid Food Stamps	Food Stamps Only: You must report any new household members and their social security numbers. If you have already reported a new member but not their social security number, it must be reported now.
Here's why: As of the 11th of this month, the county has not received your monthly report (CW 7 or SAWS 7) due this month.	If you need help in completing the monthly report, the County will help you to do so. Please contact the County and ask for help.
TO STOP THIS ACTION, the County must RECEIVE your COMPLETE report no later than the FIRST WORKING DAY OF NEXT MONTH.	
The information you give us may change or stop your cash aid.	

Medi-Cal: This Notice of Action does NOT change or stop Medi-Cal benefits. Keep your plastic Benefits Identification Card(s).

Rules: These rules apply. You may review them at your welfare office - Cash Aid: MPP 40-105.1, 44-315.9; Food Stamps: 63-504.27, 63-504.3

YOUR HEARING RIGHTS

To Ask For a State Hearing

- You only have 90 days to ask for a hearing. The 90 days started the day after we gave or mailed you this notice.
- You have a much shorter time to ask for a hearing if you want to keep your same benefits.

To Keep Your Same Benefits While You Wait For a Hearing

You must ask for a hearing before the action takes place.

- Your Cash Aid will stay the same until your hearing.
- Your Medi-Cal will stay the same until your hearing.
- Your Food Stamps will stay the same until the hearing or the end of your certification period, whichever is earlier.
- Your CalWORKs Child Care benefits will not stay the same until your hearing.
- If the hearing decision says we are right, you will owe us for any extra cash aid or food stamps you got.

To Have Your Benefits Cut Now

If you want your Cash Aid or Food Stamps cut while you wait for a hearing, check one or both boxes.

Cash Aid Food Stamps

To Get Help

You can ask about your hearing rights or free legal aid at the state information number.

Call toll free:

1-800-952-5253

If you are deaf and use TDD, call: 1-800-952-8349

You may get free legal help at your local legal aid office welfare rights group



Other Information

Child and/or Medical Support: The District Attorney's office will help you collect support even if you are not on cash aid. There is no cost for this help. If they now collect support for you, they will keep doing so unless you tell them in writing to stop. They will send you any current support money collected. They will keep past due money collected that is owed to the county.

Family Planning: Your welfare office will give you information when you ask for it.

Hearing File: If you ask for a hearing, the State Hearing Office will set up a file. You have the right to see this file. The State may give your file to the Welfare Department, the U.S. Department of Health and Human Services and the U.S. Department of Agriculture. (W. & I. Code Section 10950).

HOW TO ASK FOR A STATE HEARING

The best way to ask for a hearing is to fill out this page. Make a copy of the front and back for your records. Then, send or take this page to:

Your worker will get you a copy of this page if you ask. Another way to ask for a hearing is to call 1-800-952-5253. If you are deaf and use TDD, call: 1-800-952-8349.

HEARING REQUEST

I want a hearing because of an action by the Welfare Department
ofCounty about my
☐ Cash Aid ☐ Food Stamps ☐ Medi-Cal ☐ Child Care
U Other (list)
Here's why:
 ☐ Check here and add a page if you need more space. ☐ I want the person named below to represent me at this hearing.
I give my permission for this person to see my records or come to the hearing for me.
NAME
ADDRESS
I need a free interpreter. My language or dialect is:
My name:
Address:
Phone:
My case number:
My signature:
Date:

INSTRUCTIONS

NA 960Y (5/98) Stop Aid; Report Incomplete

This form must be backed with the current NA BACK.

Use the NA 960Y to stop aid (CalWORKs, FS) when the CW 7 or SAWS 7 Monthly Report has been received but is not complete. The NOA must be sent in time to provide timely notice of the discontinuance.

Enter the effective date of the discontinuance.

Check the appropriate box(es) to identify the program(s) being discontinued.

Identify additional information you are requesting:

Check the appropriate box(es).

When enclosing a copy of the monthly report, circle the incomplete items on the report.

Enter on the NOA a description of any additional information needed.

Check the Food Stamps box when additional information is needed so that the amount of food stamps can be figured.

Enter a description of additional information needed.

Revision Date: 5/98

NOTICE OF ACTION

COUNTY OF

STATE OF CALIFORNIA HEALTH AND WELFARE AGENCY DEPARTMENT OF SOCIAL SERVICES

	(lotice Date : lase Name : Number : Vorker Name : Number : Telephone : Address :	
(ADDRESSEE)			
			Questions? Ask your Worker.
			State Hearing: If you think this action is wrong, you can ask for a hearing. The back of this page tells how. Your benefits may not be changed if you ask for a hearing before this action takes place.
_			
As of, the County is stopping your:		☐ Foo	d Stamps - Additional Information Needed
☐ Cash Aid ☐ Food Stamps		so the a	on, you must give the county the following information mount of your food stamps can be figured. You must information to the county by the first working day of
Here's why:		next mor	onth If you were asked for proof of an expense and you live it, the expense will not be allowed. Also, if you do
The monthly report (CW 7 or SAWS 7) that we got from you this month is not complete.		not give stamps r	the County other information asked for your food may be decreased or stopped.
TO STOP THIS ACTION, the County must RECEIVE your COMPLETE report by the FIRST WORKING DAY OF NEXT MONTH. You must send or bring in the following information:		security but not t	st report any new household members and their social numbers. If you have already reported a new member heir social security number, it must be reported now.
Complete the circled items on the enclosed report, and send or bring it to your worker.		will help help.	you to do so. Please contact the County and ask for
☐ Send or bring to your worker the following:			
The information you give us may change or stop your cash aid.			
Medi-Cal: This Notice of Action does NOT change or stop Medi-			

315.9: Food Stamps: 63-504.27, 63-504.3

Cal benefits. **Keep your plastic Benefits Identification Card(s). Rules:** These rules apply. You may review them at your welfare office - Cash Aid: MPP 40-105.1, 40-181.22, 40-181.24, 44-

YOUR HEARING RIGHTS

To Ask For a State Hearing

- You only have 90 days to ask for a hearing. The 90 days started the day after we gave or mailed you this notice.
- You have a much shorter time to ask for a hearing if you want to keep your same benefits.

To Keep Your Same Benefits While You Wait For a Hearing

You must ask for a hearing before the action takes place.

- Your Cash Aid will stay the same until your hearing.
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- Your Food Stamps will stay the same until the hearing or the end of your certification period, whichever is earlier.
- Your CalWORKs Child Care benefits will not stay the same until your hearing.
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To Have Your Benefits Cut Now

If you want your Cash Aid or Food Stamps cut while you wait for a hearing, check one or both boxes.

Cash Aid Food Stamps

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Hearing File: If you ask for a hearing, the State Hearing Office will set up a file. You have the right to see this file. The State may give your file to the Welfare Department, the U.S. Department of Health and Human Services and the U.S. Department of Agriculture. (W. & I. Code Section 10950).

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The best way to ask for a hearing is to fill out this page. Make a copy of the front and back for your records. Then, send or take this page to:

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HEARING REQUEST

I want a hearing because of an action by the Welfare Department
ofCounty about my
☐ Cash Aid ☐ Food Stamps ☐ Medi-Cal ☐ Child Care
U Other (list)
Here's why:
 ☐ Check here and add a page if you need more space. ☐ I want the person named below to represent me at this hearing.
I give my permission for this person to see my records or come to the hearing for me.
NAME
ADDRESS
I need a free interpreter. My language or dialect is:
My name:
Address:
Phone:
My case number:
My signature:
Date:

ATTACHMENT 3 OVERPAYMENT RECOUPMENT REGULATIONS

40-030 IMPLEMENTATION OF OVERPAYMENT RECOUPMENT 40-030 REGULATIONS

.1	General	This regulation package implements the provisions of Welfare and Institutions Code Section 11004 (Section 37 of Assembly Bill 1542, Chapter 270, Statutes of 1997. This law specifies that for purposes of recouping overpayments, counties may reduce aid payments by 5% of the MAP amount for the AU for agency caused overpayments and 10% of the MAP amount for the AU for all other overpayments without regard to income or resources.
<u>.2</u>	Effective Date This	regulatory action shall be effective July 1, 1998
<u>.3</u>	Sections Repealed	Section 44-350.162 Section 44-350.2h Handbook Section 44-352.125 Handbook Section 44-352.115(a)
<u>.4</u>	Sections Adopted	Handbook Section 44-352.125
<u>.5</u>	Sections Amended	<u>Handbook Section 44-352.115(b)</u> <u>Section 44-352.121</u>

Authority cited: Sections 10553 and 10554, Welfare and Institutions Code.

<u>Reference:</u> Sections 10553, 10554, and 11004 (Ch. 270, Stats. 1997), Welfare and

Section 44-352.41

Institutions Code.

44-350 OVERPAYMENTS --GENERAL (Continued)

44-350

- .16 The county shall take all reasonable steps necessary to promptly correct and collect any overpayments that are known to the county including recovery of overpayments due to either applicant/recipient and/or county administrative error, with the following exceptions:
 - .161 (Continued)
- .162 See exception at Section 42-730.324(b) regarding waiver of overpayments when a recipient stops participating in a GAIN preemployment work assignment before an adjustment to required work hours has been made.
- .2 Definitions (in Alphabetical Order)
 - a) through g) (Continued)
 - h) Liquid Resources This includes cash, and other financial instruments such as savings and checking accounts, securities, stocks, bonds, mutual fund shares, cash surrender value of insurance policies, promissory notes, mortgages, and deeds of trusts.

 (Reserved)

Authority cited: Sections 10553 and 10554, Welfare and Institutions Code.

Reference: Sections 11004 (Ch. 270, Stats. 1997), and 11056, Welfare and Institutions

Code; 45 CFR 233.20(a)(13); and Administration for Children and Families

(ACF) Action Transmittals (AT) 94-11 and 94-20.

- .1 Calculation of the Overpayment
 - .11 Overpayment due to "excess property"

When a recipient has held property in excess of eligibility limits, the overpayment shall be calculated as follows:

- .111 through .114 (Continued)
- .115 (Continued)

HANDBOOK BEGINS HERE

- (a) See Section 89-115 for the higher property and motor vehicle limits for those recipients subject to the California Work Pays Demonstration Project, as specified in Division 89.
- (b) Example I: An applicant owns an insurance policy that the county calculates has a cash surrender value of \$300. She also has a savings account that fluctuates slightly from month to month. The combined value of all her property is computed to be \$990. The applicant is granted aid of \$400 permonth and accepts it in "good faith".

Two months later, upon receipt of verification of value from the insurance company, the county finds the cash surrender value of the policy is \$350. Because of the savings account the recipient has held property of \$1,040 and \$1025 during her two months on aid. The total grant which had been paid is \$800. The highest amount by which the property exceeded the limit (\$1,040 - \$1,000 = \$40) is compared with the total amount of aid paid during the time excess property was held ($$400 \times 2 = 800). The overpayment to be recouped is the lesser amount, in this case \$40.

Example II: Recipient owned several stocks which fluctuated in value. At the time of her eligibility determination in January the combined value of her property, including stocks, was computed to \$850 \$1,850. She was granted aid of \$100 per month. At her redetermination the following January, her property was investigated in detail. It was found that twice during the prior year her total property value had exceeded the property limit, both times due to fluctuations in stock value. In March, her total property was worth \$1,075 \$2,075 and in July worth \$1,010\$2,010. Because the overpayment was caused by the same property in both cases, the two ineligible months, although not consecutive, are considered one "period".

The total grant paid for the ineligible months is \$200. The amount by which the excess property exceeded the property limit in the month the property value was the highest is \$75. The overpayment to be recouped is the lesser amount, in this case \$75.

Example III: A recipient owns a savings account, a life insurance policy, and 18 shares of stock. An additional savings account with a balance of \$50 is established in the name of the recipient's child as a gieft from a close relative. The gift was received and reported to the county in the month of May. The AFDC grant is \$400 per month. At the annual redetermination, the savings had a balance of \$300, the stock was valued at \$90, and the case surrender value of the insurance policy was \$550, for a total of \$940 personal property. The additional \$50 savings did not appear to cause ineligibility (total property equals \$990).

At the next annual redetermination of eligibility in September, the county learned that in January, the stock increased in value to \$105 and the cash value of the insurance policy increased to \$610, for a total property value of \$1,015. In March, the stock increased to \$130, for a total property value of \$1,040. In May, claiment's savings account increased to \$308, the stock value decreased to \$95, and the child's \$50 savings account was established for a total property value of \$1,063.

Because the savings account, the stock, and the life insurance policy were the only property items held by the recipient from September through April, the period of time the recipient held excess property includes January and March for this calculation

regardless of which individual items increased or decreased in value. The highest amount of excess property (\$40 in March) is less than the aid paid in both months (4800), so the overpayment for this period is \$40.

A new period in May because an item of property was acquired. The excess property in this period (\$63) is less than the aid paid (\$400), so the overpayment is \$63. The total overpayment for both periods is \$103 (\$49 = \$63). A finding of good faith is assumed in this example.

HANDBOOK ENDS HERE

- .116 (Continued)
- .12 Overpayment due to income or need or circumstances other than excess property.)
 - .121 Compute the correct grant amount based on correct information for the month involved in the overpayment. If the recipient was totally ineligible for that month, the correct grant amount is zero (0).

In this computation, allow all earned income disregards (including the \$30 and 1/3 and, as applicable, the \$30 disregard) which would have been allowed if the grant had been computed correctly. (Continue)

- a. (Continued)
- b. If the overpayment occurred after October 1981 and was discovered on or after April 2, 1982 prior to January 1, 1998, and if the overpayment is due to any earned income that the recipient failed, without good cause, to report timely, no earned income disregards shall be allowed for that individual in that month (see Section 44-113.218).

HANDBOOK BEGINS HERE

Earned income disregards in effect prior to January 1, 1998 were: 1)\$90 standard work expense disregard, 2) \$30 and 1/3 earned income disregard, 3) extended \$30 income disregard, and 4) dependent care disregard.

HANDBOOK ENDS HERE

.122 through .125 (Continued)

HANDBOOK BEGINS HERE

EXAMPLES

<u>Factors</u>		Computations	
		(.121)	(.122)
	Aid	Correct	Potential/Actual
	<u>Paid</u>	<u>Grant</u>	<u>Overpayment</u>
1. MAP	\$663		
MBSAC	\$694	\$694	
Reported Income	-0	ΨΟΣΙ	
- Actual Income		-200	
AID PAID [(Lesser of 1)	 \$663	200	\$663
$\frac{(\$694 - 0 = \$694 \text{ or } 2)}{(\$694 - 0 = \$694 \text{ or } 2)}$	ΨΟΟΣ		Ψ003
\$663 is \$663]			
CORRECT GRANT ((Lesser of 1)		 \$494	\$494
\$694 - \$200 = \$494 or 2		ψ+24	<u>Ψ+2+</u>
\$663 is \$494 (.121)}			
3003 18 \$494 (.121)]			
Support Payment (.123)	-\$100		
Unreimbursed Grant [Aid Paid	\$563		
less Support Payment]	Ψ303		
less support rayment			
POTENTIAL OVERPAYMENT [A	id		\$169
Amount less Correct Grant			
(.122)]			
	Y		\$169
of Unreimbursed Grant \$563	· -		Ψ 1 09
or Estimated Overpayment \$169]			
of Estimated Overpayment \$100]			
Factors		<u>Computations</u>	
			
		(.121)	(.122)
	Aid	Correct	Potential/Actual
	<u>Paid</u>	<u>Grant</u>	<u>Overpayment</u>
2. MAP	\$535		
MBSAC	\$560	\$560	
Reported Income	\$104		
Actual Income	·	-305	
AID PAID [(Lesser of 1)			\$456
$\frac{(\$560 - 0)}{(\$560 - 0)}$	Ŧ ·= ~		,
\$538 is \$538]			
\$550 ID \$550]			

CORRECT GRANT [Lesser of 1) \$560 - \$305 = \$255 or 2 \$538 is \$456 (.121)]	\$255	<u>\$255</u>
Support Payment (.123) -\$275 Unreimbursed Grant [Aid Paid \$181 less Support Payment]		
POTENTIAL OVERPAYMENT [Aid Amount less Correct Grant (.122)]		\$201
ACTUAL OVERPAYMENT [Lesser of Unreimbursed Grant \$181		\$181

or Estimated Overpayment \$201]

HANDBOOK ENDS HERE

HANDBOOK BEGINS HERE

EXAMPLES

<u>Factors</u>		<u>Computations</u>	
	Aid <u>Paid</u>	(.121) Correct <u>Grant</u>	(.122) Potential/Actual Overpayment
1. Earned Income Reported Income Income Disregard Net Nonexempt Earned Income 50% Earned Income Disregard Total Net Nonexempt Income		\$1,025 1,025 - 225 800 - 400 400	
MAP for Five Total Net Nonexempt Income Aid Payment	\$855 \$855	\$ 855 -400 _455	
Potential Overpayment (Aid Paid Less Correct Grant)			\$855 -455 \$400

<u>Unreimbursed Grant (Aid</u>
<u>Paid Less Support Payment)</u> <u>\$755</u>

Actual Overpayment (Lesser of

<u>\$400</u>

Unreimbursed Grant or Potential Overpayment)

EXAMPLES

<u>Factors</u>		Computations	
	Aid <u>Paid</u>	(.121) Correct Grant	(.122) Potential/Actual Overpayment
2. Earned Income Reported Income Income Disregard Net Nonexempt Earned Income 50% Earned Income Disregard Total Net Nonexempt Income		\$ 500 500 - 225 275 - 138 137	
MAP for Three Total Net Nonexempt Income Aid Payment	\$631 \$631	\$ 631 -137 494	
Potential Overpayment (Aid Paid Less Correct Grant)			\$631 -494 \$137
Support Payment (.123) Unreimbursed Grant (Aid Paid Less Support Payment)	\$500 \$131		
Actual Overpayment (Lesser of Unreimbursed Grant or Potential Overpayment)			<u>\$131</u>

HANDBOOK ENDS HERE

.4 (Continued)

.41 (Continued)

.411 Step One

Determine the sum of the AU's total available income and liquid resources in the payment month by adding together the following:

(a) .411 Agency Error For overpayments caused by agency error,

(1) (a) The AU's adjusted grant amount is the AU's computed total grant amount for the payment month before

overpayment adjustments, plus minus 5% of the MAP amount for the AU rounded to the next lower dollar.

(2) The AU's gross earned income less:

(i) Any dependent care disregards as specified in Section

44-113.217,

(ii) The standard work expense disregard as specified in

Section 44-113.214,

(iii) Repealed by Manual Letter No. EAS-97-17, effective

12/1/97.

Other net nonexempt income, less:

(i) Repealed by Manual Letter No. EAS-97-17, effective

12/1/97.

(4) The AU's liquid resources.

(b) .412 Other For all other overpayments,

(1) (a) The AU's adjusted grant amount is the AU's computed

total grant amount for the payment month before overpayment adjustments, plus minus 10% of the MAP amount for the AU rounded to the next lower

dollar.

(2) The AU's gross earned income,

(i)	Without application of the dependent care nor the standard work expense disregards,
(ii)	Repealed by Manual Letter No. EAS-97-17, effective 12/1/97.
(3)	Other net nonexempt income, less:
(i)	Repealed by Manual Letter No. EAS-97-17, effective 12/1/97.
(4)	The AU's liquid resources.
:412 Step Two	Determine the required need allowance by multiplying the MAP amount for the AU plus any special needs by:
(a) Agency Error	.95, and round to the next lower dollar.
(b) Other	.90, and round to the next lower dollar.
(c) Prorated	When the MAP has been prorated, as in a beginning month, then the prorated amount shall be used in Step Two.
.413 Step Three	Compare the amount from Step One to the amount from Step Two. When the amount from Step One is larger than the amount from Step Two, grant adjustment shall occur.
.414 Step Four	Determine the maximum adjustment amount by subtracting the amount in Step Two from the amount in Step One.
.415	(Continued)
.416	(Continued)

.42 through .47 (Continued)

.5 (Continued)

Authority cited: Sections 10553, 10554, and 11004(h), Welfare and Institutions Code.

Reference: Sections 10553, 10554, 11004, 11008 (Ch. 270, Stats. 1997), 11017, 11155,

11155.1, 11155.2, 11257, 11450, 11451.5, 11452, and 11453, and 11453.2, Welfare and Institutions Code; 45 CFR 233.20(a)(3)(i)(B) and (a)(13); Darces v. Woods (1984) 35 Cal.3rd 871:201 Cal.Rptr. 807; Ortega v. Anderson, Case No. 746632-0 (Alameda Superior Court) July 11, 1995; the Federal Terms and Conditions for the California Work Pays Demonstration Project as approved by the United States Department of Health and Human Services on March 9, 1994; 45 CFR 233.20(a)(13); and Administration for Children and

Families (ACF) Action Transmittals (AT) 94-11 and 94-20.

ATTACHMENT 4 VENDOR/VOUCHER PAYMENTS REGULATIONS PACKAGE AND NOTICES OF ACTION

40-033 IMPLEMENTATION OF VOUCHER/VENDOR PAYMENT 40-033 REGULATIONS IN THE CALWORKS PROGRAM

.1 Effective Date This regulatory action is effective July 1, 1998.

<u>.2</u> <u>Sections Repealed</u> <u>None.</u>

<u>.3 Sections Adopted 44-307 et seq.</u>

<u>.4 Sections Amended 44-303.3</u> <u>44-304.6</u>

Authority Cited: Sections 10553 and 10554, Welfare and Institutions Code.

<u>Reference:</u> Sections 11251.3, 11320.15, 11450.13, 11453.2, and 17012.5, Welfare and

Institutions Code; and AB 1542 (Ch. 270, Stats. 1997), Section 185(b).

44-303 AID PAYMENTS - DEFINED (Continued)

44-303

- .3 Vendor payments, i.e., payments made directly to a person or agency supplying goods or services to the recipient or family. Vendor payments are applicable:
 - .31 In all aids, for payments on home repairs under special shelter payment provisions (see Section 45-109.21); and
 - .32 In AFDC CalWORKs, for use in certain Homeless Assistance cases (see Section 44-211.5); and
 - .33 In GAIN sanction cases (see Section 42-786).
 - .33 In CalWORKs cases in which an adult member of the AU becomes ineligible for aid due to a felony conviction related to the use or distribution of a controlled substance (see Section 44-307.11); and
 - .34 <u>In CalWORKs cases in which a parent or caretaker relative is subject to sanction for a period of time known in advance to be at least three consecutive months (see Section 44-307.12).</u>

Authority Cited: Sections 10553 and 10554, Welfare and Institutions Code.

Reference: Sections 11251.3, 11453.2, and 17012.5, Welfare and Institutions Code;

Family Support Act of 1988, Public Law (PL) 100-485, October 13, 1988;

and California Department of Health Services Manual Letter 77-1.

44-304 AID PAYMENT SCHEDULES (Continued)

44-304

.6 Exceptions to Standard The county shall deliver:
Delivery Date (Continued)

.66 Vendor Payments Payments according to specified intervals to third

parties or vendors when requested by the recipient <u>or</u> when made in accordance with Section 44-303.3.

(Continued)

Authority Cited: Sections 10553, 10554, Welfare and Institutions Code.

Reference: Sections 10553, 10554, <u>11006.2</u>, <u>11251.3</u>, <u>11453.2</u>, 11455 and 11006.2

17012.5, Welfare and Institutions Code; 45 CFR 206.10(a)(6)(D); 45 CFR 233.23; 45 CFR 233.29(a)-(d); 45 CFR 233.31(b)(4); 45 CFR 233.32; and

Balderas v. Woods Court Order.

VOUCHER/VENDOR PAYMENTS

Institutions Code.

44-307

<u>.1</u>	Voucher/Vendor Payments		A county shall issue vouchers or vendor payments for at least rent and utilities payments in the following instances:	
	.11	Felony Conviction	Any adult member of the AU becomes ineligible for aid due to a felony conviction after December 31, 1997, related to the possession, use, or distribution of a controlled substance, or	
	.12	Sanction	Any parent or caretaker relative is subject to sanction for a period of time known in advance to be at least three consecutive months. The vouchers or vendor payments shall continue until the parent or caretaker relative is no longer subject to sanction.	
<u>.2</u>	<u>Grant</u>	not Sufficient	When the computed grant is not sufficient to cover both rent and utilities, the county shall issue a voucher or vendor payment for the full amount of the grant. The voucher or vendor payment may be for rent, utilities, or some portion of either.	
<u>.3</u>	Option Payme	nal Voucher/Vendor ents	Counties have the option of issuing voucher or vendor payments in the following instances:	
	.31	Other Need Items	When vouchers or vendor payments are issued pursuant to Section 44-307.11 or .12, counties have the option to issue additional vouchers or vendor payments for other need items if they deem it in the best interest of the recipient child(ren), or	
	.32	Over Time Limit	When an adult is removed from the AU after reaching the 60-month time limit specified in Section 42-302.1, counties have the option of providing aid to the AU in the form of vouchers or vendor payments.	
Authority Cited: Sections 10553, 10554, Welfare and Institutions Code.				
Reference: Sections 11251.3, 11320.15, 11450.13, 11453.2, and 17012.5, Welfare a				

44-307

NOA MESSAGES

Action	Type	New	NOA #*
Other	Voucher/Vendor	Change manner of payment to a voucher/vendor payment.	M44-307A
Change	Voucher/Vendor	Change the amount of voucher/vendor amounts when rent/utilities fluctuate.	M44-307B
Change	Voucher/Vendor	Change the voucher/vendor payment back to a direct payment to the recipient.	M44-307C

			Issue: Voucher/Vendor Payment Title: Voucher/Vendor Payment
Source Issued	by:	&IC 11274, 11453.2, 44-307	Use Form No. : NA 290 Original Date : 07-01-98, New Revision Date :
MESS	AGE:		
	•	your cash aid will be all or ner or vendor payment.	
Here's	why:		
[]	You as	You asked for a voucher/vendor payment.	
[]	The law requires that a voucher/vendor payment be made for at least rent and utilities when:		
	O	A member of your family has been convicted of having, using or selling a controlled substance on or after January 1, 1998 for an offense committed after August 22, 1996, OR	
	O	A parent or caretaker relative will be sanctioned for at least 3 months in a row.	
[]	Other		

Noa Msg Doc No.: M44-307A Page 1 of 1

Action : Other

State of California

Department of Social Services

INSTRUCTIONS: Use message to inform the applicant/recipient of the payment delivery.

State of California Department of Social Services	Noa Msg Doc No.: M44-307B Page 1 of 1 Action : Change Issue: Voucher/Vendor Payment Title: Voucher/Vendor Payment
Auto ID No.: Source: Issued by: Reg Cite: W&IC 11274, 11453.2, 44-307	Use Form No.: NA 290 Original Date: 07-01-98, New Revision Date:
MESSAGE:	
As of, the County is changing your voucher/vendor payment amounts.	
Here's why:	
Your rent and/or utilities have changed.	
\$ will go to rent, \$ will go to utilities, which leaves \$ for you.	
INSTRUCTIONS: Use to change amounts to	the payment delivery when rent and/or

utilities fluctuate.

	California ent of Social Services	Noa Msg Doc No.: M44-307C Page 1 of 1 Action : Change Issue: Voucher/Vendor Payment Title: Voucher/Vendor Payment
Auto ID Source Issued by Reg Cite	:	Use Form No. NA 290 Original Date: 07-01-98, New Revision Date:
MESSA	GE:	
	, the County is stopping your vendor payment.	
Here's w	hy:	
Your cas directly.	h aid payment will be paid to you	
	You are now meeting your work requirements.	
[]	is no longer subsanction.	ject to
[]	Other	

 $INSTRUCTIONS: Use \ to \ change \ the \ payment \ delivery \ from \ voucher/vendor \ back \ to \ the \ direct \ payment \ to \ the \ recipient.$